NOT CRUMBLING?

Mrs. Fields Cookies says it has accord to 'fuel its growth' through the 1990s

Expansion begins with plans to open 100 new stores in next 12 months.

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PARK CITY — Downplaying media reports from London that its business has "crumbled," Mrs. Fields Cookies said Wednesday that it has reached an agreement with four lenders to finalize a financial recapitalization of the company that will "fuel its growth" through the rest of this decade.

That growth begins with plans to open 100 new Mrs. Fields stores during the next 12 months.

"With the recapitalization resulting in a strengthened balance sheet, we are now poised to accelerate growth in stores and branded products worldwide," said Debbi Fields, founder and chairwoman, in a press release issued Wednesday.

The release follows an Associated Press wire story from London on Tuesday that said the company's stock was being taken off the London Stock Exchange in a deal that gives lenders a stake of nearly 80 percent in the company.

Mrs. Fields Cookies was founded by Debbi Fields and her husband, Randy, in California in 1977. It relocated to Park City in the early 1980s when the couple moved their home here. In 1986, the privately held firm went public in Great Britain, but the stock failed to sell, leaving its London underwriters holding 85 percent of the offered shares.

On Tuesday, a Fields spokesman in London said lenders plan to install a new management team and, eventually, sell the business. Under the plan, Debbi Fields would take a 25 percent pay cut and would have to work for three years to retain a portion of the stock. She would retain her title of chairwoman and continue to work in public relations and product development and coordinate with store managers. "But she won't be in charge," the unidentified spokesman told the AP.

In the release issued here Wednesday, Fields said she wanted to "set the record straight in light of recent inaccurate and or misleading media reports."

She said company management recognized several years ago that its long-term growth could best be served by diversifying from a mall-oriented retail base to locations in supermarkets, airports and university campuses.

"We began implementing that strategy and today count 380 franchised and licensed Mrs. Fields stores. We are excited to see how well the strategy is working, as evidenced by significant gains in both margins and profits. On a pro forma basis, the company showed a profit of $2.1 million in 1992," the release said.

Fields, who has served as interim president and chief executive officer for the past year, said the financial restructuring consists of a debt-equity exchange of $73 million and $14.4 million of accrued interest, as well as $7 million par value of preferred stock.

The four lenders, she said, will receive some $50 million in new senior and subordinated notes, as well as new common shares reflecting a 79.11 percent interest in the company.

Under the agreement, Fields also retains options to buy up to 70 percent of the new common stock in the company.

"For several months we have been actively searching for the right individual to assist in the day-to-day operations and allow me to focus all of my energies on maximizing our licensing agreements and developing new complementary products," she said.

The chain operates 780 stores, of which 380 are franchised. When the restructuring is completed early next month, she said, only 2.4 percent of the new common shares will be publicly held by shareholders in Great Britain. No Mrs. Fields shares are traded in the United States.

According to the Fields spokesman in London, as reported by the AP, the chain of cookie stores ran into trouble when it bought the property for all of its stores in shopping malls. Real estate values plummeted in the recession and the company's debts climbed. It had losses of $3.4 million in 1991 and $3.6 million in 1992, said the spokesman.

Following negotiations, a group of lenders led by the Prudential Insurance Co. of America, restructured $96 million in company debts.